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FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6542
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY
RUEHBJ/AMEMBASSY BEIJING 4377
RUEHBY/AMEMBASSY CANBERRA 1302
RUEHPB/AMEMBASSY PORT MORESBY 3471
RUEHKO/AMEMBASSY TOKYO 0904
RUEHWL/AMEMBASSY WELLINGTON 1838
RUCPDO/DEPT OF COMMERCE WASHDC
RUEKJCS/SECDEF WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RHEHNSC/NSC WASHDC
RUEAIIA/CIA WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 002783

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DEPT FOR EAP, EAP/MTS, EAP/ANP, INR/EAP, EB, DRL

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TAGS: [PGOV](#) [PINS](#) [EMIN](#) [SENV](#) [PHUM](#) [ID](#)

SUBJECT: PAPUA: CONTROVERSY CONTINUES TO SWIRL AROUND HUGE
U.S. MINING OPERATION

REF: A. JAKARTA 2769

[1](#)B. JAKARTA 2735

[1](#)C. 06 JAKARTA 2492

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Classified By: Pol/C Joseph Legend Novak, reasons 1.4 (b,d).

[1](#)1. (C) SUMMARY: In recent meetings with poloff, Freeport McMoran officials insist they are doing everything possible to address security and environmental concerns surrounding their massive mine in central Papua. The use of police instead of military for security around the mine has not yet resulted in any significant human rights violations. The mine also has a significant environmental impact, although it causes less damage than many activists claim. Given all the problems--plus continued pressure to revisit its contract with the GOI--Freeport McMoran officials continue to be a bit on edge. END SUMMARY.

[1](#)2. (SBU) Poloff visited, September 19-21: Timika, the capital of Mimika regency; Tembagapura, Freeport's "company town" that supports mining operations; and the huge Grasberg mine. Freeport officials provided access to key areas of their large-scale operation. (Note: This cable is the third in a series on poloff's recent travel to Papua. Ref A reports poloff's visit to Jayapura, the Papuan provincial capital. Ref B covers the HIV/AIDS situation there.)

ALL QUIET ON SECURITY FRONT

[1](#)3. (C) Security-wise it has been quiet around the mine. There have been no major security incidents or credible allegations of human rights violations since the National Police Mobile Brigade replaced the Indonesian military (TNI) in providing security on the perimeter of Freeport's nearly 2,000 square-mile operations in June 2006. The current deployment of approximately 700 Papua-based Mobile Brigade personnel, which began in January 2007, is working out in more effective fashion than the initial deployment of officers from outside the province. Freeport officials concede, however, that some Mobile Brigade personnel are poorly trained and poorly disciplined. They also report that there are no established protocols for coordinating the operations of the Mobile Brigade and Freeport's own security

force of approximately 900 personnel.

¶4. (C) Freeport continues to provide some funding and material support to the Mobile Brigade, although it does not pay their salaries. Freeport officials are frustrated, however, that these arrangements are not formalized in a memorandum of understanding with the Indonesian National Police. Nevertheless, Freeport officials assert that sufficient safeguards are in place to prevent the diversion of funds for illegitimate purposes.

¶5. (C) All Mobile Brigade personnel assigned to Freeport operations receive human rights training directly from the Indonesian National Police. Freeport's own security personnel also receive human rights training as part of the company's human rights policy. Freeport admits, however, that they have little control over the operational activities of the Mobile Brigade.

¶6. (C) One potential source of trouble are the hundreds of illegal miners who continue to pan for gold in the Ajkwa River, downstream of Freeport's operations. Freeport officials allege that the illegal miners have bribed Mobile Brigade officers to allow their activities. They also charge that Mobile Brigade personnel sell food and other supplies to the miners. The fact that the miners operate openly along a road regularly patrolled by the Mobile Brigade lends some credence to Freeport's charge of police complicity.

¶7. (C) At Freeport's urging, the police have removed illegal miners from highland areas closest to Freeport's operations, but tolerate their activities in lowland areas near Timika. Freeport continues to press local officials to remove illegal miners from the entire Ajkwa River area and an order for the Mobile Brigade to do so currently awaits a key local official's approval. Should the police attempt to remove the

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miners, violent incidents are possible, especially if the miners, many of whom are armed with spears and bows and arrows, attempt to resist. (Note: Protests by illegal miners closed Freeport's operations for several days in February 2006. Ref C.)

CLEAN AND GREEN?

¶8. (SBU) Freeport wants to appear green-conscious. Officials assured poloff that they take every possible precaution to minimize the mine's environmental impact. They have constructed a system of levees to contain mine tailings in the Ajkwa River and prevent contamination of neighboring areas. (Note: Tailings are the finely crushed waste rock disposed of into the river after Freeport has extracted gold, silver and copper ore.) Freeport also monitors the tailings and blends them with crushed limestone to neutralize any naturally occurring acidity.

¶9. (SBU) To demonstrate that tailings are not toxic, a charge frequently made by Indonesian environmental activists, Freeport officials showed poloff a demonstration area of tailings reclaimed for agricultural purposes. Freeport has demonstrated that tailings deposit areas become productive agricultural land. This process cannot occur, however, in active tailings deposit areas. Of the approximately 230,000 metric tons of rock Freeport crushes per day, only 2-3% of which becomes ore, the remainder becomes tailings. With the Grasberg open-pit mine expected to operate at least until 2015, and underground operations to continue beyond that, the impact on the Ajkwa River ecosystem will continue to be significant.

¶10. (SBU) Freeport is also experimenting with the use of tailings for producing concrete. They are already using this material for construction at the Timika airport and hope to supply some concrete for the Papua provincial government's infrastructure development plans. A Malaysian company has

also approached Freeport about exporting tailings to Singapore for use in construction, although no specific plans exist to do so. However creative these uses for tailings may be, they can only absorb a small fraction of the mine's enormous output.

FREEPORT: NOT POPULAR

11. (C) Papuan NGOs and civil society activists continue to charge that Freeport is responsible for human rights violations and environmental damage. The worst of their claims do not appear substantiated. Nevertheless, there remains a danger of violent incidents around the mine and Freeport's operations do have a significant impact on the environment & so long as the mine generates enormous revenues, and Papua remains one of Indonesia's least developed provinces, it is likely to remain a target of widespread popular resentment. Given all the problems and continued pressure to revisit its contract with the GOI, Freeport McMoran officials continue to be a bit on edge.
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